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FCA Authorisations Approach

Following recent conversations with senior individuals in the FCA's Authorisations team, Optima has learned of a change of approach by the FCA in the way that it processes firms' applications for authorisation.

The change of approach requires that new launches should be 'ready, willing and able' to conduct business as at the time of submission of the application, meaning that applications should be mostly, if not entirely, complete as at the time of submission, or risk having the application rejected by the FCA at the outset. This represents a change from previous approaches, whereby firms could submit partially complete applications and fill in missing detail as part of the FCA's due diligence process.

In practice this means that, amongst other requirements, firms should have service providers (such as prime brokers, fund administrator, custodians and depository providers) identified, if not appointed, as well as close to final, if not final, fund and investment manager legal documentation – including offering memorandum (or equivalent), fund incorporation documents, investment management agreement and LLP agreement.

In return for a longer lead time prior to submission of applications, the FCA has indicated that its timings for conducting due diligence on applications received will be shorter than has historically been the case – with a **target of three months** from the date of submission for a **full scope AIFMD** application, and **six months** for a **MiFID application**.

Whilst it is a little premature to 'judge' the FCA against these timeframes, given the change in approach was discussed with us relatively recently, live applications which Optima has with the FCA at present seem to indicate that the three month target for full scope AIFMD applications is attainable; in the case of one application which was submitted in mid-June, it now seems to be coming towards the end of the process, with the most recent due diligence questions from the FCA (received at the beginning of August) comprising predominantly simple 'tick box'

confirmations.

We're happy to discuss this in more detail and to keep you abreast of developments in this regard.

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